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DDA SUBJECT FILE COPY

DCIA-87-0373X

ROUTING AND TRANSMITTAL SLIP

Date: 4 Mar 87

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. Director of Personnel		
2.		
3.		
4.		
5.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

#1 - FOR ACTION: Please prepare response for DDA signature.

SUSPENSE: 27 MARCH 1987

60-2

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
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STAT

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OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

* U.S.G.P.O.: 1983-421-529/320

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General Services Administration
Federal Supply Service
Washington, DC 20406

87-0373X

FEB 24 1987

Dear [redacted] STAT

The Federal Government spends literally hundreds of millions of dollars each year on direct, reimbursable travel expenses for its contractors. In recent years, the General Services Administration has taken several steps to facilitate eligible contractor access to Government travel discounts. We believe, however, that substantially greater savings are possible.

To further expand the availability of discounts to eligible contractors, we are proposing for your consideration and comment additional changes in our airline, hotel and travel charge card programs. A detailed explanation is enclosed.

While our proposal may require significant coordination on your part, this one-time investment should yield substantial dividends in terms of budget reductions and lower administrative costs. In order to give you sufficient time to respond, we ask that you reply by March 31, 1987, to the attention of: Charles T. Angelo, Director, Travel and Transportation Management Division. Should your staff need additional information concerning this request, they may reach Mr. Angelo at 557-1261.

The tax saving implications of this initiative are potentially far reaching. Your support and cooperation are most appreciated, and we look forward with great enthusiasm to receiving your response.

Sincerely,

Donald C. J. Gray

DONALD C. J. GRAY
Commissioner

[redacted] STAT

Deputy Director of Administration
Central Intelligence Agency
Washington, DC 20505

Enclosure

cc: Members, Interagency Travel Management Committee

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Enclosure

PROPOSAL TO EXPAND CONTRACTOR ACCESS TO TRAVEL DISCOUNTS

The use of contract air fares and Government hotel and car rental rates by Federal contractors has increased significantly over the last several years. Some agencies even have developed written procedures and standard contract clauses in order to assure greater contractor utilization of Government discounts, and concurrently to reduce their direct travel expense reimbursements to contractors. With the imposition of per diem limitations on certain contractors under the provisions of Public Law 99-234, even greater attention has been focused in this area.

While GSA has established general guidelines to facilitate contractor usage of travel discounts through FPMR Bulletin A-90, the application of those guidelines varies greatly among agencies. Recently, a proposal was developed to amend the Federal Acquisition Regulation (FAR) to incorporate the provisions of A-90, and to require the use of a standard clause in applicable contracts to mandate contractor use of available discounts. However, it is expected to take several months and possibly as long as a year before this action is completed. Once the FAR is amended, we can anticipate increased pressure both from contracting officers and from contractors to use Government fares and rates.

In order to facilitate eligible contractor access to Government discounts, and to be positioned to respond positively to the increased demand expected to emanate from the proposed FAR revisions, we wish to propose certain changes in our travel discount and payment programs for your consideration and comment. Because of the lead time necessary either to amend existing contracts or to revise future solicitations, it is essential that we solicit your views now.

The first change we would like to propose concerns our contract with Citicorp for Diners Club travel charge cards. Currently, the contract limits the issuance of cards to Federal employees only, and the establishment of centrally billed Government Travel System (GTS) airline accounts to Federal agencies only. Contract airlines and, to a lesser extent, hotel companies, continually have expressed concerns about controlling the purchase of Government discounts in order to guard against possible abuses. By limiting the sale of contract air fares for Federal employees to the Government Diners Club card or Government Transportation Requests (GTR), contract carriers have been assured that the potential for abuse is minimized. While hotel transactions are not similarly controlled in terms of payment methods, the increasing use of Government Diners Club cards by Federal travelers also has been reassuring to the

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lodging industry as well. Several carriers, hotels and even a few car rental companies have agreed to extend their Government discounts to contractors, and to accept the standard letter of identification prescribed in FPMR Bulletin A-90 as proof of elibility. Many, however, have declined to extend discounts to contractors in part because they view the letter of identification procedure as one which is too loosely controlled. In addition, some carriers also require the use of a GTR number, largely for endorsement purposes only, but in a couple of cases, for payment as well. That requirement merely increases the administrative workload for contracting officers and finance offices.

To help alleviate the problems of identification and control, we would propose to modify our contract with Citicorp as follows:

a. To permit individual Government Diners Club cards to be issued to employees of contractors who operate exclusively as an extension of the contracting agency. Examples would include Government-owned, contractor-operated facilities (GOCO), such as the Department of Energy National Labs, DOD federally-funded research and development centers (FFRDC), NASA installation management contractors, etc. Specific examples might include the Sandia National Laboratory, Aerospace Corporation, Applied Physics Laboratory, Mitre Corporation, etc. The general rule of thumb in identifying such contractors, since various agencies use different terminology to describe them, is simply to identify companies operating under nonprofit contracts who represent for all intents and purposes an extension of the workforce of the contracting agency, and whose total operations are funded through appropriated funds. Concurrently, these entities would be identified by name in our airline and hotel rate solicitations as traveling at direct cost to the Federal Government, and eligible to use Government discounts, but with payment restricted to the Government Diners Club or successor card; and

b. To permit the establishment of GTS accounts for direct billing to other contractors operating under cost-reimbursable or other negotiated contracts, as defined in FAR Part 51, which include reimbursable line items for travel costs. Such accounts would be used for airline ticket purchases only, and the Federal contracting agency would assume full liability for these accounts just as they currently do for agency GTS accounts. Concurrently, sale of contract air fares to these contractors would be restricted to GTS or successor accounts.

The second change we would propose is to revise our airline and hotel rate solicitations both in terms of contractor eligibility and payment methods. Those contractors identified in

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paragraph (a) above would be listed by name in both solicitations, and we would seek to require vendors to make Government rates available to them. Vendors would retain discretion to voluntarily extend discounts to other contractors, as described in paragraph (b) above. In both instances, however, the form of payment would be restricted to individual Diners Club cards or GTS accounts, as applicable. Also, we would work with the Military Traffic Management Command to incorporate similar provisions in Government car rental agreements.

We must emphasize that these are proposals only, and have not been presented formally to any of our contractors. (However, we have discussed these ideas informally with several contractors, and they have been well received.) We are coming to you first in order to seek your views on their feasibility and practicality. Assuming the majority of departments and agencies will support these ideas, we also need your assistance in developing additional requirements data before they can be presented to suppliers in a meaningful manner. In addition to concerns about control, many air carriers also are fearful of extending their contract fares without knowing how many additional seats will be occupied by contractors. If we seek to require carriers to sell seats at contract rates to employees of GOCOs, FFRDCs, and other contractors as described in paragraph (a) above, we also must amend the estimated monthly passenger requirements stated in our airline solicitation to reflect the additional demands on carriers. In addition to commenting on our proposals, therefore, we also ask that you submit with your comments a list of those contractors, to include the company name and all contract performance sites, and for each, a list of the specific city-pairs where they travel most frequently, and the estimated number of passengers per month traveling between those cities. As a general rule, you need include only cities where monthly passengers exceed 150.

Since we recognize that you will be required to coordinate this request both with contracting officers and contractors, we appreciate that it will take some time to respond. By asking for replies by March 20, 1987, you should have sufficient time to do so while still enabling us to incorporate your requirements into our next airline and hotel solicitations. We also recognize that many agencies do not enter into the types of contracts we have described as candidates for issuance of individual cards, but for those who do, we can only seek to assure full access to Government discounts to the extent that we can identify such contractors by name, and in the case of air passenger transportation, to include their requirements in our airline solicitation.

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